

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

JUNE 29, 2000

IN RE:

AMERICAN'S TELE-NETWORK, INC.

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DOCKET NO. 00-00135

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before the Tennessee Regulatory Authority ("Authority" or "TRA") at a regularly scheduled Authority Conference held on March 28, 2000, on the Petition of America's Tele-Network ("ATN") and the Consumer Services Division of the TRA (the "CSD") for consideration of the proposed Settlement Agreement, attached hereto as Exhibit A.

On February 23, 2000, the CSD requested that a docket be opened to consider a settlement agreement with ATN. On March 22, 2000, the proposed Settlement Agreement was filed in this docket. The proposed Settlement Agreement was the result of the CSD's investigation into slamming¹ complaints against ATN, specifically violations of Authority Rule 1220-4-2-.56(5) and Tenn. Code Ann. § 65-4-125.

As a part of this Settlement Agreement, ATN agrees to implement measures, as outlined in Exhibit A, to prevent similar occurrences in the future. Further, ATN will provide to the CSD quarterly reports for the period of twelve (12) months following the date of this Order demonstrating compliance with the Settlement Agreement. These quarterly reports shall consist

¹ Slamming is a colloquialism used to denote the unauthorized changing of a consumer's long distance service provider without the consumer's written or oral authorization. Slamming is strictly prohibited by Tenn. Code Ann. § 65-4-125 and Tenn. Comp. R. & Regs. r. 1200-4-2-.56.

of monthly summaries of all preferred interexchange carrier ("PIC") disputes filed by Tennessee consumers as well as a detailed plan for corrective action to be taken against offending distributors or marketing agents, pursuant to Paragraph F of the Settlement Agreement. ATN will also report to both the Authority and the appropriate state law enforcement officials any instance of a forged signature on a letter of agency which is purportedly from a Tennessee consumer. In addition, ATN will make payments to the Authority totaling fifty-six thousand dollars (\$56,000) in two (2) installments. The first installment of twenty-five thousand dollars (\$25,000) will be due and payable within ten (10) days of the date of the Authority approval of the Settlement Agreement. The remaining thirty-one thousand dollars (\$31,000) will be due no later than four (4) months after the Authority approval of the Settlement Agreement.

At the Authority Conference on March 28, 2000, following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement.

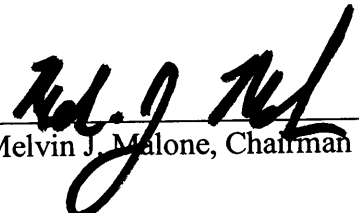
IT IS THEREFORE ORDERED THAT:

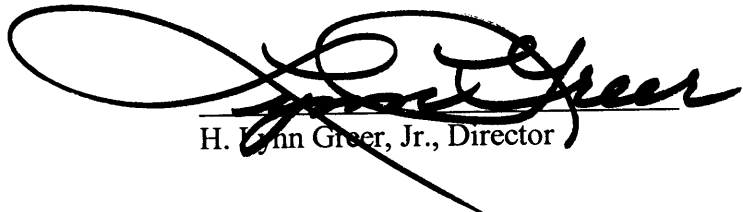
1. The Settlement Agreement, attached as Exhibit A, is accepted and approved and incorporated into this Order as if fully rewritten herein;
2. The amount of fifty-six thousand dollars (\$56,000) shall be paid by ATN into the Public Utilities Account of the TRA in two (2) installments. The first installment of twenty-five thousand dollars (\$25,000) will be due and payable within ten (10) days of the date of the Authority approval of the Settlement Agreement. The remaining thirty-one thousand dollars (\$31,000) will be due no later than four (4) months after the Authority approval of the Settlement Agreement;

3. Upon payment of the amount of fifty-six thousand dollars (\$56,000), ATN is excused from further proceedings in this matter, provided that, in the event of any failure on the part of ATN to comply with the terms and conditions of the Settlement Agreement, attached to this Order as Exhibit A, the Authority reserves the right to re-open this docket for the purpose of securing compliance and enforcing the Settlement Agreement;

4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from the date of this Order; and

5. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN RE: SETTLEMENT AGREEMENT WITH AMERICA'S
TELE-NETWORK, INC.
DOCKET NO. 00-00135**

SETTLEMENT AGREEMENT

1. The purpose of this document is to memorialize a settlement between America's Tele-Network ("ATN" or the "Company") and the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("Authority" or "TRA"). ATN was issued a Certificate of Public Convenience and Necessity on December 22, 1995, by the Tennessee Public Service Commission ("TPSC") authorizing it as a reseller of telecommunications services in Tennessee.¹ ATN's intrastate service is subject to the applicable laws of the State of Tennessee and to the rules promulgated by the Authority.
2. Based on fifty-one (51) written complaints received from Tennessee consumers alleging that ATN had changed their long distance service without authorization, the CSD met with representatives of the Company as well as counsel for ATN on December 9, 1999. As a result of that meeting and in an effort to resolve this matter, ATN issued refunds and/or credits to each consumer who has complained to the Authority, regardless of whether ATN agrees that the complaint has merit. In an attempt to resolve this matter without further proceedings, ATN and the CSD

¹ TPSC Docket Number 95-03709



have agreed to the terms of the settlement described herein. This settlement agreement is not intended to be an admission of wrongdoing by ATN.

Terms of Settlement

3. For the purposes of settlement, ATN will pay to the Authority the sum of fifty-six thousand dollars (\$56,000.00) to be used for consumer education, TRA regulatory expenses, or such other public purpose, as the TRA shall determine. ATN agrees to pay this sum in two installments. The first installment of twenty-five thousand dollars (\$25,000.00) will be due and payable within ten (10) days of the date that the Authority approves this settlement agreement. The remaining thirty-one thousand dollars (\$31,000.00) will be due within four (4) months of the approval of this settlement agreement.
4. ATN agrees to notify all of its Tennessee customers, via first class mail, that they may be entitled to a refund of ATN charges if they did not authorize the change in their long distance service to ATN. ATN agrees to work with the CSD to develop the notification letter to be sent to all of its Tennessee customers within thirty (30) days of the Authority's approval of this settlement agreement. Additionally, ATN agrees to provide to the CSD a report, within six (6) months of the approval by the Authority of this settlement agreement, detailing the following information:
 - 4.1. The number of Tennessee consumers who were mailed the notification letter outlining the procedures they can follow to receive full restitution if their long distance service was switched without authorization. ATN will provide

to the CSD upon request the names and telephone numbers of the consumers to whom the notification letters were mailed.

- 4.2. A list of the names and addresses of all Tennessee consumers who responded to the notification claiming that their service was switched to ATN without their authorization. This list shall also include the dollar amount refunded to each consumer.
- 4.3. A notarized affidavit from an officer of the Company attesting that the information contained in the report is accurate and in compliance with this settlement agreement.
5. ATN agrees to make full restitution, as required by Tenn. Code Ann. § 65-4-125, to all Tennessee consumers who have filed a complaint with the Company or with the TRA, as well as any future complainants where the consumer demonstrates that his or her long distance service was changed to ATN without the consumer's authorization.
6. ATN agrees to implement the following marketing improvement plan that is designed to ensure future compliance with Authority rules and applicable state laws.
 - 6.1. ATN will exclusively use company employees instead of an outside telemarketing firm for its telemarketing of Tennessee customers.
 - 6.2. ATN will provide new training materials to its telemarketers soliciting Tennessee consumers regarding TRA rules and applicable Tennessee statutes prohibiting the unlawful switching of long distance carriers without proper authorization and the consequences for non-compliance. ATN shall

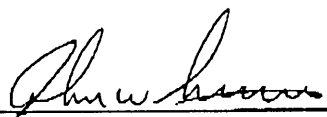
provide the CSD a copy of this new training material within ninety (90) days of the approval by the Authority of this settlement agreement.

- 6.3. ATN shall require each individual employee engaged in marketing its services in Tennessee to execute an acknowledgement form stating that the employee understands and accepts ATN's policy prohibiting submission of carrier changes without proper authorization as prescribed by TRA rules and Tennessee law. Copies of these acknowledgement forms will be made available to the CSD upon request.
- 6.4. ATN will incorporate into its telemarketing script and into the script used by its third party verifiers specific language making it clear to consumers that ATN is an independent company, not affiliated with the incumbent local carrier BellSouth or with any other long distance carrier, such as AT&T. A copy of this new script shall be provided to the CSD within thirty (30) days of the approval by the Authority of this settlement agreement.
- 6.5. ATN will verify all of its switching of new residential customers in Tennessee by the use of an independent third party verification ("TPV") company. ATN shall continue to employ a TPV and to obtain via the TPV the verbal, taped authorization of customers before changing their long distance service to ATN. ATN agrees to require its third party verifiers to maintain the verification tapes of Tennessee transactions for a period of time not less than one (1) year from the date the verification is conducted. ATN also agrees to provide such tapes to the CSD upon request.

- 6.6. ATN's compensation to its third party verifiers will not be based upon a commission basis of successful conversions to ATN service.
- 6.7. ATN shall dismiss any employee found to have changed a consumer's long distance service without obtaining the proper authorization as required by the regulations of the Authority.
7. For a period of twelve (12) months following the Authority's approval of this settlement agreement, ATN will submit to the CSD quarterly reports containing the following information:
 - 7.1. The number of Tennessee consumers, by month, alleging that their long distance service was switched to ATN without their authorization and the action taken by ATN including any amount of restitution provided;
 - 7.2. The number of Tennessee consumers, by month, alleging that ATN charges appeared on their telephone bill without their authorization and the action taken by ATN including any amount of restitution provided; and
 - 7.3. The number of Tennessee consumers, by month, alleging that the inducements, if any, offered by ATN to get the consumer to switch their long distance service were not provided along with a description of the actions taken by ATN to resolve the dispute.
 - 7.4. ATN shall provide to the CSD upon request the names and telephone numbers of the consumers as described in Paragraphs 7.1 through 7.3.
8. ATN will be represented by counsel at any formal settlement proceeding before the TRA.

9. ATN shall fully comply with all applicable Tennessee statutes including, but not limited to, Tenn. Code Ann. § 65-4-125 and the rules and regulations of the Authority in its conduct of business in Tennessee
10. If compliance with the aforementioned improvement plan does not significantly reduce or eliminate verifiable slamming complaints against ATN in Tennessee, the Company agrees, upon notice from the CSD, to voluntarily cease telemarketing in Tennessee for a period of six (6) months.

Entered into this the 22nd day of March, 2000.

Signature: 

Print Name: John Little


Title: President

America's Tele-Network

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